

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION**

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION,	§ § § § § § § § § §	CIVIL ACTION NO. 1:07cv644
<i>Plaintiff,</i>		
v.		
SALLY BEAUTY SUPPLY LLC, f/k/a SALLY BEAUTY COMPANY, INC.		JUDGE CLARK
<i>Defendant.</i>		<u>JURY TRIAL</u>

CONSENT DECREE

The Equal Employment Opportunity Commission (“Commission” or “EEOC”) alleges that Defendant unlawfully discriminated against Felica Spears because of her race when she applied to work at Defendant’s store located in West Orange, Texas. The Commission alleges that one of Defendant’s District Managers required that employees at the West Orange store rescind a job offer made to Ms. Spears because Ms. Spears is African-American, and that the decision not to permit Ms. Spears to work for Defendant violated Title VII of the Civil Rights Act of 1964, as amended (“Title VII”), and Title I of the Civil Rights Act of 1991. Defendant denies the allegations. Neither Defendant’s consent to the entry of this Decree, nor any of the terms set forth in it shall constitute or be construed as an admission of any violation of Title VII or any other law.

The parties stipulate to the jurisdiction of the Court and waive a hearing and the entry of findings of fact and conclusions of law.

It is therefore ORDERED that:

1. This Consent Decree is entered in full and complete settlement of any and all claims arising out of or contained in this lawsuit, Civil Action No. 1:07cv644, and in EEOC Charge No. 330-2005-06169.

2. For thirty-six (36) months following entry of this Decree, Defendant, its managers and supervisory employees, agents, officers, successors and assigns and all persons in active concert or participation with it, are enjoined from discriminating against any employee or applicant for employment in Defendant's District 407 because of race.

3. Defendant shall be enjoined from retaliating against any individual who has provided testimony or evidence related to this lawsuit or to the Charge of Discrimination upon which this lawsuit was based.

4. Within ten (10) days after a final settlement, a non-discrimination notice will be posted at all Defendant's stores located within Defendant's District 407. The notice shall remain posted for a period of thirty-six (36) months after the entry of this Consent Decree. A copy of this notice is attached hereto as Exhibit "A." The notice will be posted in locations, to be agreed upon by the parties, which are conspicuous and accessible to all employees but not within view of store customers.

5. Within twelve (12) months after the Court's entry of this Consent Decree, and again between twenty-one (21) months and thirty (30) months after the entry of this Decree, Defendant shall conduct live, interactive classroom training of all District Managers and Store Managers in Territory 4 entitled "Equal Employment Opportunity and Diversity in the Workplace," the content of which will be the same or substantially similar to that conducted by Defendant from February 25-28, 2008. The managers will be advised that this training has

been mandated by this Decree. The training shall include instruction that employees and applicants for employment cannot be treated differently, because of their race, in recruitment, hiring, job assignments, training, terminations and other terms and conditions of employment. The training also shall include instruction that hiring to meet customer preference or maintaining or attempting to achieve racial quotas among store employees is unlawful and that the managers have a duty “to report to appropriate Company management any Company policy, practice, or procedure which may act as a barrier to the full utilization of associates protected by the Equal Employment Opportunity Laws.” Defendant will provide the EEOC copies of the attendance records for the training.

6. Six (6) months after the entry of this Decree, and every six (6) months thereafter until the expiration of the Decree, Defendant shall provide the Commission with a report of any District Managers in Defendant’s Territory 04 who have been hired or separated from employment with Defendant in the previous six (6) months. This report shall include the race of all listed individuals. For each occasion that a non-African-American District Manager is hired, Defendant shall include in the report the names of all other candidates who were considered for the position, as well as an explanation why the chosen candidate was selected. For all people named in these reports, Defendant should include the most recent address and telephone number in Defendant’s possession.

7. For thirty-six (36) months following entry of this Decree, whenever a District Manager position may become vacant within Territory 04, Defendant will provide electronic notice of the vacancy to the Store Managers in that district encouraging them to call an 800 telephone number at the Corporate Human Resources Department within five (5) business days

of the notice and speak with the Director of Employee Relations or his designee if they are interested in the position. The EEOC has required as a condition for resolution of this matter, and Defendant has agreed, that all African-American Store Managers in that District who received a "Good Satisfactory" or higher rating on his or her most recent Performance Appraisal shall be provided with a second copy of the electronic notice within two or three business days after the initial notice is sent.

8. Defendant agrees to pay THIRTY THOUSAND DOLLARS (\$30,000.00) to Felica Spears. Within twenty-one (21) business days from the date of entry of this Decree, Defendant shall send payment checks(s) to Ms. Spears, to the address supplied to Defendant's counsel by EEOC. Payroll taxes and income tax withholding shall be deducted from the back pay amount paid to Ms. Spears. Defendant will issue a United States Internal Revenue Service Form 1099 to Ms. Spears for the amount designated by EEOC as compensatory damages. Defendant also shall mail a copy of the payment check(s) to the Commission at the following address: Equal Employment Opportunity Commission, attn: Timothy M. Bowne, 1919 Smith Street, 7th Floor, Houston, Texas 77002. As a condition to payment of the money described in this paragraph, Felica Spears will execute a full, final, complete release of all claims relating to her failure to be employed by Sally Beauty. The release shall be in the form set forth in the Model Release in the EEOC Regional Attorneys' Manual.

9. Defendant shall not condition the receipt of this payment on Ms. Spears's agreement to (a) maintain as confidential the terms of this Decree or other matters on the public record; or (b) waive her right to apply for a position with Defendant in the future.

10. On a one-time basis during the six (6) month period commencing with the date of entry of this Decree, Spears may notify Sally Beauty of her decision to seek a store sales vacancy at up to three Sally Beauty stores where she designates she would like to work. Sally Beauty will offer Spears the next store sales vacancy that occurs among those stores, provided that at that time Spears meets the following minimum qualification standards: (1) not having been convicted of a crime relating to theft or financial impropriety in the three (3) years prior to the offer, (2) not having been terminated from employment for misconduct, including excessive absenteeism, in the three (3) years prior to the offer, and (3) the ability and willingness to work the hours required of the position. Should Spears become employed by Defendant, she will be required to follow Defendant's work rules and meet all performance requirements expected of other employees without retaliation. Spears will have five (5) business days to notify Sally Beauty of her decision to accept or decline the offer. Should Spears accept the offer she must commence work within seven (7) business days of acceptance or forfeit the position.

11. Defendant agrees to place a copy of this Consent Decree in the personnel file of Jessica Nelson. Defendant agrees that Ms. Nelson shall not be eligible for re-hire with Defendant, and that Defendant shall never offer or provide Ms. Nelson with employment in the future.

12. For the thirty-six (36) months following entry of this Decree, the Commission, upon reasonable notice, shall have the right to enter and inspect the premises of Defendant's facilities in District 407 to ensure compliance with this Decree and federal antidiscrimination laws.

13. This Decree shall remain in effect for thirty-six (36) months from the date of signing. During that time, the Court shall retain jurisdiction to assure compliance with this Decree and to permit entry of such further orders or modifications as may be necessary or appropriate. During this period, should a dispute arise concerning Defendant's compliance with the terms of this Decree, the parties shall undertake good-faith negotiations to attempt to resolve the issues in dispute or alleged noncompliance. Should these good-faith efforts fail, the Commission may petition this Court for compliance with this Decree. Should the Court determine that Defendant has not complied with this Decree, appropriate relief, including extension of this Decree for such period as may be necessary to remedy its non-compliance, may be ordered.

14. This Decree shall expire by its own terms at the end of the duration set forth in paragraph 13, above, after entry, without further action by the parties.

15. The parties agree to entry of this Decree and judgment subject to final approval by the Court. The parties shall bear their own costs and attorney's fees.

So **ORDERED** and **SIGNED** this **19** day of **June, 2008**.

A handwritten signature in black ink, appearing to read "Ron Clark", is written above a horizontal line.

Ron Clark, United States District Judge

Exhibit “A”

NOTICE PURSUANT TO TERMS OF SETTLEMENT OF EEOC v. SALLY BEAUTY SUPPLY, LLC LAWSUIT

1. Federal law requires that there be no discrimination against any employee or applicant for employment because of the applicant's or employee's race with respect to hiring, compensation, promotions, or other terms, conditions or privileges of employment.
2. Sally Beauty supports and will comply with such Federal law in all respects and will not retaliate against employees who have exercised their rights under the law by filing charges with the Equal Employment Opportunity Commission (EEOC), providing information to the EEOC, and/or receiving a settlement of such charges.
3. Any applicant or employee who wishes to complain of illegal discrimination is advised to report such complaint to his or her Human Resources Manager, or to Sally Beauty's Vice President of Human Resources at 800-777-5706, ex. 2571. Also, employees who believe they have been subjected to illegal employment discrimination are encouraged to contact the Equal Employment Opportunity Commission (“EEOC”) at 1919 Smith Street, Houston, TX 77002, (713) 209-3372.

SIGNED this _____ day of _____, 2008.

[name and job title]
on behalf of Sally Beauty

This NOTICE shall be posted for thirty-six (36) months from date of signing.